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OFFICIAL ROUTING SLIP					
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ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	
Remarks: <p>Here is the revised version, based on our review of 21 November. Request your comments and concurrence by 29 November.</p> <p style="text-align: center;">Thanx,</p> <div style="text-align: center; border: 1px solid black; width: 100px; height: 40px; margin: 0 auto;"></div>					
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FROM: NAME, ADDRESS AND PHONE NO.				DATE	
DD/PERS/SP				24 Nov 78	
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OLC #78-3106/5

Pro/Leg

Honorable Edward P. Boland, Chairman
Permanent Select Committee on Intelligence
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

This is in reply to your letter of 20 October 1978 in which you noted that the quota on CIARDS retirements expires on 30 June 1979 and invited our assessment as to what the level of quota should be in future years.

Our recommendation, which we submit for your consideration, is to allow the quota to expire. We base this position on a thorough review of the experience of having administered CIARDS for 14 years and a careful assessment of the principal factor, organic to the System, that actually determines the number of retirements. We have concluded that the principal factor is the process of designating employees as participants in the System rather than a quota. I shall expand on this point in the following paragraphs.

I believe it appropriate, here, to describe for you the extent to which we have used the quota allowed to us since the inception of CIARDS in 1964; in doing so, we are projecting retirements to 30 June 1979. During the period 13 October 1964 to 30 June 1979, the quota for retirements under CIARDS, under the various statutory provisions, totaled [] The total actual usage, however, projected to 30 June 1979, is [] (366 retirements on disability do not count against quota). Accompanying this letter is a table showing the incidence of retirements by year and by total for each of the three quota periods.

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The legislative history of CIARDS reveals that at the time CIARDS was being developed, the House and Senate shared the view that the legislation should not be so specific as to disclose classified information, and recognized that the language of the law must, therefore, be purposely vague. At the same

time, the Congress was concerned that the System should not be administered so loosely as to permit retirements which truly did not satisfy the statutory criteria of Section 203 of the Act. As a means of assisting the Director in administering the System in accordance with the intent of Congress and to guard against possible misuse of the System, the Congress incorporated these two provisions into the Act: (1) the Agency's internal regulations for administering CIARDS were to be cleared with specified members of the appropriate committees, and (2) a quota on retirements was established for the first two five-year periods of the System's existence. It is worth emphasizing that both these provisions were incorporated for the same purpose; namely, to ensure that the Agency would admit into CIARDS, and eventually retire under it only those employees who satisfied the criteria for participation in the System, as set forth in Section 203.

We believe, therefore, that the process of designating employees as participants in CIARDS is the principal factor in determining the number of eventual retirements. The measure of the effectiveness and integrity of the Agency in administering the System as Congress intended pivots, therefore, on how well the Agency controls the process of designation. We submit that the record in discharging this responsibility has been very good.

You will recall that for the past three years [redacted], whose reputation for objectivity and integrity you know, has conducted a review of CIARDS specifically to report on just how the Agency has been designating and administering employees as participants in CIARDS. In his annual reports to Congress, [redacted] concluded that, except for a brief period in 1969, the designation of participants has been consistent with the intent of Congress, the law and the Agency's own regulations. The one brief relaxation in 1969 of strict application of the criteria for designation was quickly identified by Agency management as a error and just as quickly repaired. Agency management

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soon thereafter made it abundantly clear that that brief relaxation was by no means a precedent. Indeed, in September 1977, in anticipation that some parties might seek to "liberalize" designation into CIARDS to ease the personnel reductions in the Directorate of Operations, I personally reaffirmed, and conveyed to my top managers, that CIARDS would be administered strictly but fairly in accordance of the regulatory criteria and the intent of the law. It should be reassuring to you, Mr. Chairman, to know that the recommendation that I take that position and make the appropriate announcement was initiated within the Agency management structure; I believe you will agree with me that this is indicative of the sense of responsibility that pervades the management structure in regard to this matter.

I submit, therefore, that the record of administration of CIARDS over 14 years shows that the Agency has been designating, and continues to designate, participants in such strict observance of the statutory criteria and the intent of Congress that only those employees who perform the requisite type and length of duty prescribed by the Congress can qualify for retirement under CIARDS. From this record, I must conclude that continuation of a quota is unnecessary.

As you know, the only Federal retirement system with a quota is CIARDS. The end purpose of the quota was not to limit the number of retirements, per se, but rather to assist the Agency toward a careful application of the criteria for participation. In recognition of the fact that the Agency is doing just that (as the comparison of actual retirements with quota over a period of 14 years shows), I submit that the guide provided by a quota in the early days has, with the passage of time and the development of experience, served its purpose.

We recognize that your Committee, in its oversight function, has a legitimate concern in remaining informed of the number of retirements under

CIARDS each year. We propose, therefore, to include the number of retirements in each annual budget submission. This would allow the Committee the opportunity to examine the basis for these projections annually and should assist the Congress into oversee the administration of this System.

I am most appreciative of your continuing interest in CIARDS, and I look forward to the future exchanges on the System as suggested in your letter.

Yours sincerely,

STANSFIELD TURNER

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